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March 13, 2013

Via E-Mail

Mr. Eric Lounsberry
Engineering Department
Illinois Commerce Commission
527 E. Capital Ave.
Springfield, IL 62701

RE: Nicor Gas Company's Comments to Post Workshop One Draft of Part 500

Dear Mr. Lounsberry:

On behalf of Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas" or "the Company"), please find enclosed the Company's comments on Staff's post workshop one draft of Part 500.

In order to avoid confusion with multiple sets of revisions, we accepted all the edits in the post workshop one draft circulated on February 28, 2013 and made Nicor Gas' changes in revision mode as requested. Therefore, all revisions in the enclosure reflect Nicor Gas' comments. Nicor Gas' reasoning in support of its proposed changes is explained below and/or is demonstrated by the Company's supporting documentation submitted with this letter.

- 500.150 Fixed Factor Delivery – subsection (e): Nicor Gas notes that the current process allows for 48 months and Staff has proposed a change to 36 months. Although Nicor Gas currently anticipates a modest impact due to a smaller volume of impacted accounts, the change to 36 months may require re-evaluation if the volume of accounts ultimately is larger.
- 500.150 Fixed Factor Delivery – subsection (f): Nicor Gas added language to exclude 2# CS regulators and 2# regulators in the Carthage area.
- 500.160 Testing Facilities and Equipment – subsection (g)(2): Nicor Gas added language to clarify line item.

- 500.190 Rotary Meters – subsection (c); 500.220 Multi-Path Ultrasonic Meters – subsection (c); and 500.230 Coriolis Meters – subsection (c): Nicor Gas changed specific months to calendar year to remain consistent with the Company's comments provided in connection with the Round Two Draft (please see the Company's cover letter dated July 6, 2012).
- 500.230 Coriolis Meters – subsection (a): Nicor Gas changed language to include the new AGA standard (please see the attached flyer).
- 500.250 Sample Testing of Diaphragm Meters – subsection (b): Nicor Gas changed language to include the updated standard.
- 500.250 Sample Testing of Diaphragm Meters – subsection (c): Nicor Gas changed language to include the updated standard and inclusion of ANSI Z1.9 to provide for flexibility in the future in the event the Company may elect to use this standard or a combination of both Z1.4 and Z1.9.
- 500.250 Sample Testing of Diaphragm Meters – subsection (f): Nicor Gas changed 2% to 3% to maintain current accuracy standards and provides two supporting spreadsheets.
 - Attached Excel spreadsheet labeled Overall Meter Accuracy shows: (i) total diaphragm meters tested in 2010, 2011 and 2012; (ii) overall meter accuracy of all meters tested in 2010, 2011 and 2012; and (iii) amount of billing adjustments that are/would be required.
 - Separately provided CONFIDENTIAL Excel spreadsheet shows the costs associated with sampling meters at +/-3% and +/-2% using different sampling methods.
- 500.250 Sample Testing of Diaphragm Meters – subsection (g): In the event current accuracy standards are changed from 3% to 2%, Nicor Gas has provided language to allow sufficient time to remediate the large amount of lot failures anticipated to incur and spread the associated costs across 20 years.
- 500.260 Meter Tests Requested by the Customer – subsection (d); 500.270 Commission Referee Tests – subsection (c); 500.280 Meter Tests Requested By Natural Gas Suppliers – subsections (d) and (f); and 500.400 Corrections and Adjustments for Measurement Error – subsection (a): Nicor Gas changed 2% to 3% for consistency throughout the rule.
- 500.320 Gas Chromatograph – subsection (d): Nicor Gas changed annually to third year of service (please see attached example).

- Section 500.510 Pressure Survey – subsection (c): Nicor Gas inserted “as may be necessary” language due to the significant impact on its field operations costs (listed below). The write-up below also describes how the regulator/relief system works. Nicor Gas has found this process to be highly reliable.
 - The facilities being impacted are known as Tin Whistle type system regulator facilities. This design is made up of both regulator and separate relief device. The regulator cuts the pressure to the desired system operating pressure and the relief is the over pressure safety device. The relief device is piped to safely vent off excess pressure to atmosphere.
 - These facilities have only one source of feed to the system. If the relief vents the responding resource can readily identify the source and perform corrective maintenance.
 - Nicor Gas anticipates the following costs as a result of the new language proposed by Staff absent the insertion of the qualifying “as may be necessary” language.

	Electronic Device
Locations	750
Chart Boxes	\$3,500
Install Cost	\$2,500
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Total Cost Capital	\$4,500,000
Other OOM Cost	
Scada Support, Materials, Batteries	\$125,000
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Total Cost OOM	\$125,000
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Total Cost	\$4,625,000

- Section 500.600 Extension of Distribution Mains in Urban Areas – subsection (d) and Section 500.610 Extension of Distribution Mains in Rural Areas – subsection (c): Nicor Gas deleted the last sentence in these subsections so that only one free main extension estimate is required. Although this language allowed another estimate only under certain conditions, Nicor Gas has deleted this language for the following reasons:
 - Preparation of the initial free estimate used to develop the minimum system requirements to serve the customer, and utilizing the expected route, can in many cases involve considerable resources of the Company, and at times 3rd-party resources involving significant time and expenses. Providing a second free estimate at the customer's request for an alternative route would cause the Company to incur additional expenses. In addition, the preparation of an alternative route ultimately may not be useful in providing service/facilities to the customer.
 - The basis for the determination of an alternative route to not exceed the cost of the expected route by 50% is not a reasonable threshold for the second free estimate requirement. In many cases Nicor Gas would not reasonably know if the 50% threshold is applicable until significant resources of the Company had already been expended.

Should the second free estimate for an alternative route remain as a requirement in the rule, the threshold should be based on the amount of additional utility resources required to provide an estimate, or that condition also should be included as a condition in addition to the 50% threshold.
 - Nicor Gas in many cases already provides new (and existing) customers with alternative scenarios for the installation of Company facilities required to accommodate a customer's request for gas service. Nicor Gas routinely provides such alternatives; in many instances even exceeding two alternatives at no cost to the customer, when requested, and when the alternative route is within the Company's construction practices and can be analyzed using resources in keeping with the Company's standard operating practices. Nicor Gas is not aware of any circumstances where its existing practices are insufficient to meet customer needs.

Mr. Eric Lounsberry
March 13, 2013
Page 5



Nicor Gas looks forward to participating in continued discussions regarding the proposed revisions to Part 500. If you have any questions about the Company's proposals or need additional information, please reach out to me or anyone copied on this letter.

Sincerely,

Anne W. Mitchell

Enclosures

cc: Jeff Johnson
Tom Moretti
Robert Mudra
John Rooney